



PUV MODERNIZATION PROGRAM









LTFRB 24/7 HOTLINE
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HIRE

LTFRB NCR CASE NO.
2004-03535
AEM SUM
EDSA-P
O.S. PUJ
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T-297

LTFRB
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0917-55
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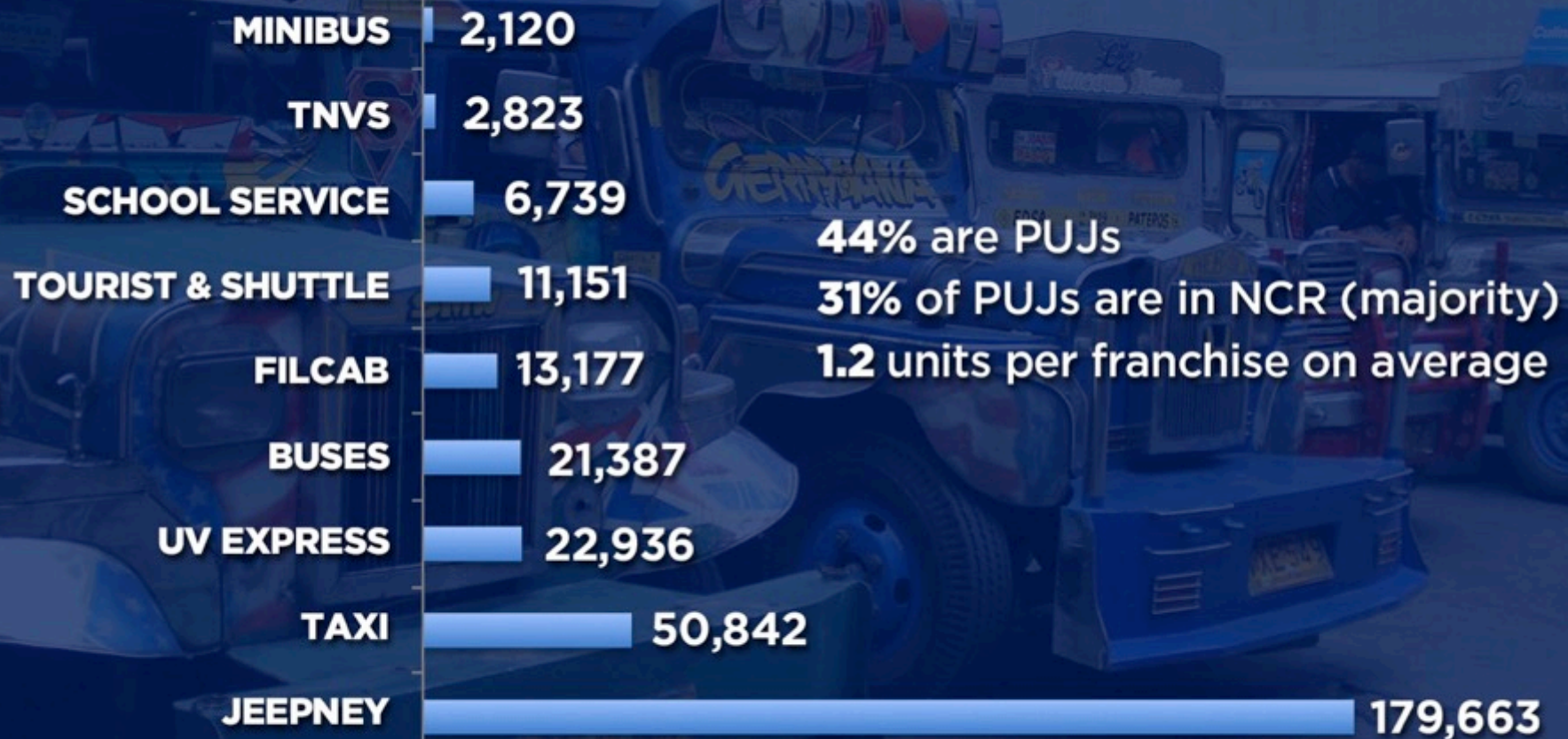
A background image showing a crowded jeepney (a common form of public transport in the Philippines) with several passengers. The jeepney is yellow and has a sign on its side. The passengers are standing and some are looking towards the camera. The image is slightly blurred, emphasizing the busy nature of the transport system.

THE PHILIPPINE PUBLIC TRANSPORT SYSTEM

Our public transport system is deemed unsafe, unhealthy, unreliable, and uncomfortable.

- **PUBs and PUJs:** Serve 67% of demand but uses 28% of road space (JICA, 2014)
- **PUJs dominate road-based public transport:**
 - 179,663 PUJs nationwide. 90% are 15 years old and above (LTFRB)
 - 17% ambient air pollution in Metro Manila and up to 80% in other cities due to PUJs*
 - PUJ passengers 10 times more likely to get into accidents than private car riders*

**GIZ Jeepney Market Transformation Programme Study*





179,663

TOTAL NUMBER OF
JEEPNEY UNITS
(NATIONWIDE)



90%

15 YEARS OLD
AND ABOVE



PUBLIC UTILITY VEHICLE (PUV) MODERNIZATION PROGRAM

A large-scale transformative initiative for a restructured and environmentally-sustainable transport sector aimed for Filipinos to have a pleasant commuting experience by 2018.





LAUNCHING OF THE PUV MODERNIZATION PROGRAM

Signing of DO 2017-011 (Omnibus Franchising Guidelines or OFG) and DOTr-DILG JMC 001 s. 2017

Manipula Hall, AFPCGSC, Camp Aguinaldo, Quezon City
19 June 2017

#SupportPUVModernization





Main Objectives of the PUV Modernization Program

- Modernize the current PUV fleet
- Reform and consolidate the industry
- Move towards low emission PUVs
- Improve welfare of commuters and encourage modal shift
- Improve standards of living of drivers, operators, and their families

MAJOR COMPONENTS

PUV MODERNIZATION PROGRAM



**Regulatory
Reform**



**LGU Local Public
Transport Route
Planning**



**Route
Rationalization**



**Fleet
Modernization**



**Industry
Consolidation**



**Financing PUV
Modernization**



**Vehicle Useful
Life Program**



**Pilot
Implementation**



**Stakeholder
Support
Mechanism**



Communication

“System Reform and Vehicle Modernization”



DOTr Department Order:

Omnibus Franchising Guidelines (OFG)

- New LTFRB guidelines on franchise issuance for road based public transportation services.
 - DOTr/ LGUs: Local public transport route planning & route rationalization.
 - Modernized PUV fleet compliant with safety & environmental laws/ standards.
 - Fleet/Industry consolidation for efficient operations.



PUV MODERNIZATION PROGRAM COMPONENTS

LGU LOCAL PUBLIC TRANSPORT ROUTE PLANNING



LGU CAPACITY BUILDING



Capacity-building activities, in cooperation with UP NCPAG, for local transport planning to identified LGUs in:

- Metro Manila
- Nearby Provinces of Metro Manila
- Highly-urbanized cities

G2G Procurement of Consultants (UP NCTS) for LGUs outside Metro Manila.

LOCAL PUBLIC TRANSPORT ROUTE PLANNING



LPTRP guidelines to be implemented and used by the local governments through DOTr-DILG JMC.

Incorporate LPTRP in the HLURB modules.





LOCAL PUBLIC TRANSPORT ROUTE PLAN

- Make the routes more responsive to passenger demand and determine the appropriate vehicle type depending on road hierarchy and configuration
- LGU initiative (Participatory Planning)



CITY/ MUNICIPAL LGU

- Intra-city/municipality



PROVINCIAL GOVERNMENT

- Inter-city/municipality
- Intra-province



DOTr

- Inter-province/region
- Between and among independent cities
- Inter-city and inter-municipality of MM and adjoining provinces (MUCEP Area)



JOINT MEMORANDUM CIRCULAR WITH DILG

“Guidelines on the Preparation and Issuance of Local Ordinances, Orders, Rules And Regulation concerning the Local Public Transport Route Plan (LPTRP)”





LGU

1 Draft the LPTRP

2 Submit the LPTRP to the LTFRB

LTFRB

3 Review the compliance of the LPTRP with the OFG

4 Issue an NOC or an NONC depending on the results of the review

LGU

5 If an NOC is issued, pass an ordinance adopting the LPTRP and endorse the same to LTFRB

If an NONC is issued, revise the LPTRP

LTFRB

6 Conduct a transparent operator selection and issuance of franchise(s)

LPTRP APPROVAL PROCESS



PUV MODERNIZATION PROGRAM COMPONENTS

ROUTE RATIONALIZATION

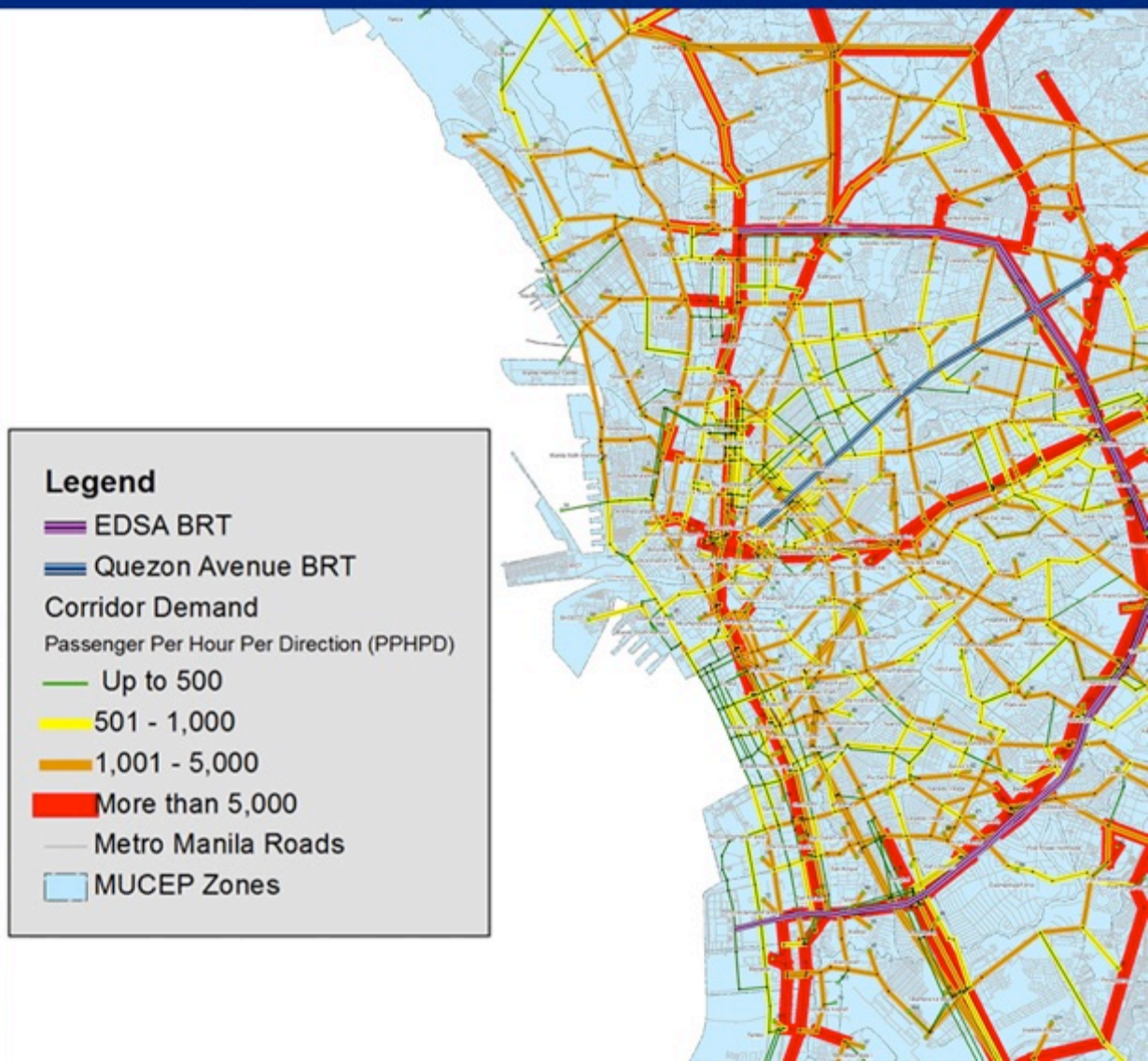


OBJECTIVE:

Appropriate mode
based on Passenger
Demand and Road
Hierarchy

BASIC POLICY:

Higher capacity PUVs
assigned to high
demand routes



ROUTE RATIONALIZATION



- Route planning and restructuring based on road network and passenger demand
- Determine the appropriate type, quantity (number of operating units), and service characteristics of the public transport service in each corridor.

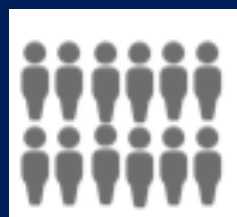
DOTr-led Route Rationalization Studies

Key Areas	Remarks
Metro Manila & Adj. Provinces	UP NCPAG; completion by December 2017
Davao City	On-going study by ADB
Metro Cebu	To be implemented by JICA on the upcoming Urban Transport Study for Metro Cebu.

BASIC GUIDELINE IN ROUTE PLANNING



“Transportation modes shall follow hierarchy of passenger demand and function of roads”



Passengers/hour/direction

5,001 and above

Bus

1,001 - 5,000

Mini-Bus

501 - 1,000

Jeepney and UV Express

500 and below

Filcab









PUV MODERNIZATION PROGRAM COMPONENTS

FLEET MODERNIZATION



Safety, Security & Convenience requirements (PUVs) based on the Omnibus Franchising Guidelines:

FEATURE	REQUIREMENT
 Environment-friendly	Clean Air Act complaint engine. Euro 4 emission or better. Electric, Solar, Alternative Fuel
 Safety	Side door, Speed limiter, Automatic Braking System, Compliant with safety standards.
 Security	CCTV, GPS, Dashboard Camera
 Comfort/Convenience	PWD/elderly-friendly, Automated Fare Collection System (AFCS), Free Wi-fi







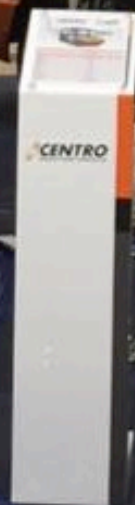






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Diamond
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Diamond Difference





santarosa

PHILIPPINES

EURO 4
EMISSION



THE HERITAGE LIVES...

WATCH YOUR STEP

THE NEED TO COMPLY WITH EURO 4 (OR BETTER) EMISSION STANDARDS

- Euro 4 (50 ppm) vs. Euro 2 (500 ppm sulfur)
- In Europe and North America,
Euro 5 emission standard since Sept. 2009
(Euro 4 was their compliance standard from 2005 to 2009)

LEGAL AND INSTITUTIONAL:

- Philippine Clean Air Act of 1999
- The Philippine Environmental Impact Statement System (PD. 1586)
- DENR Administrative Order Nos. 2015-04, 2016-23

FLEET MODERNIZATION



ECO-PUV PROGRAM

An initiative of the DTI-Board of Investments (DTI-BOI) to dedicate 3rd CARS Program slot (P9B) to support locally manufactured PUV units



Rationale:

- keep/grow in-country manufacturing jobs
- sustain/deepen national industry capability, especially of SMEs
- reduce total vehicle import bill
- reduce vehicle SRPs
- ensure reliable after-sales parts and services



PUV MODERNIZATION PROGRAM COMPONENTS

INDUSTRY CONSOLIDATION



INDUSTRY CONSOLIDATION refers to strategically merging smaller transport industry players to form into a legal entity either by forming cooperative or corporation, among others, through the help of OTC and CDA.

CURRENT STATE: Majority are operating under ONE FRANCHISE, ONE OPERATOR, ONE VEHICLE.

UNDER THE PROGRAM: A consolidated group owns and operates the fleet.





REQUIREMENT FOR OPERATORS UNDER THE OMNIBUS FRANCHISING GUIDELINES

BEFORE:

One franchise, one unit
= Inefficiency

AFTER:

Industry consolidation
CDA & OTC: Formation
of cooperatives,
corporation or consortium



✓ **FLEET MANAGEMENT**



✓ **SAFETY OFFICER**



✓ **TERMINAL AND GARAGE**

**= EFFICIENT OPERATIONS
& REDUCED COSTS**



PUV MODERNIZATION PROGRAM COMPONENTS

INDUSTRY CONSOLIDATION



OPERATIONAL BENEFITS OF CONSOLIDATION:

- ✓ Access to credit facilities
- ✓ Maximizes revenue while keeping maintenance costs low;
- ✓ Spread of Capital Expenses; Shared O&M Costs
- ✓ Operational efficiency via organized dispatching system and fleet management system
- ✓ Improves collection and lesser risk (efficient multiple trips)
- ✓ Consolidated entities can access to more discounts in fuel and spare parts
- ✓ Access to common garage/depot
- ✓ Has dividend and membership benefits





PUV MODERNIZATION PROGRAM COMPONENTS

INDUSTRY CONSOLIDATION



INDIRECT BENEFITS OF CONSOLIDATION:

- ✓ Enhances service quality of Public Transport
- ✓ Reduces competition among drivers (facilitate compliance on traffic rules and regulations); thus, promoting safer PUVs and more disciplined drivers
- ✓ Organized operators and drivers
- ✓ Improve service quality monitoring of public transport providers





PUV MODERNIZATION PROGRAM COMPONENTS

FINANCING PUV MODERNIZATION



GFI to provide special financing terms for procuring the new PUJ.

- Memorandum of Understanding already in place with Landbank and DBP
- Operators can avail of the Php 80,000 equity incentive subsidy directly charged from Landbank and DBP upon availment of their loan packages. (subject to Vehicle Useful Life, loan and franchise requirements).



PUV MODERNIZATION PROGRAM COMPONENTS

FINANCING PUV MODERNIZATION



Automatic Fare Collection System (AFCS)

- Facilitates easier repayment to lending institutions.
- Savings from costs and losses from cash handling.
- Reduced risks from the operators and the lending institutions.
- Real-time transport information.
- Passenger convenience and comfort.





FINANCING PUJ MODERNIZATION

SPECIAL LOAN PROGRAM



GFI	Equity –Loan Structure		Interest	Repayment Period	Remarks
	Equity	Loan			
Land Bank <i>Special Program for Environment-friendly and Efficiently-Driven Jeepneys (SPEED Jeepneys)</i>	5%	95%	6%/ annum	7 yrs	<ul style="list-style-type: none"> - Borrowers may be individual (about to belong or already part of the cooperatives) or legal entity. - AFCS, GPS - Franchise for 7 yrs
DBP <i>Program Assistance to Support Alternative Driving Approaches (PASADA)</i>	5%	95%	6%/ annum	7 yrs	<ul style="list-style-type: none"> - Borrowers should be coop or corporation - Chattel Mortgage - AFCS, GPS - Franchise for 7 yrs



PUV MODERNIZATION PROGRAM COMPONENTS

FINANCIAL VIABILITY



20% INCREASE IN VEHICLE CAPACITY

- From the current 16-18 passengers, the new units can accommodate 22 passengers, some units with provision for standing passengers. **Increase in capacity entail increase in income.**

43% DECREASE IN FUEL EXPENSE

- **Improved Fuel Economy**, from the current 5.70km/L to 10.05km/L for the new Euro4 units.



PUV MODERNIZATION PROGRAM COMPONENTS

FINANCIAL VIABILITY



EFFICIENCY SAVINGS DUE TO RATIONALIZED ROUTES

- **Determining routes** and the **appropriate number of units** based on passenger demand.

EFFICIENCY SAVINGS DUE TO INDUSTRY CONSOLIDATION

- Organized **Dispatching System** and **Fleet Management**
- Consolidation allows spreading of **Capital Expenses** and **Operating Expenses** as well as **Maintenance Costs**.
- Consolidated entities can access discounts in fuel and spare parts





PUV MODERNIZATION PROGRAM COMPONENTS

VEHICLE USEFUL LIFE PROGRAM



Objective: To ensure that the old public utility vehicles are surrendered and effectively scrapped.



Old PUV
15+ Year Old



Scrapping Facility
(Regional)



Additional Financing

Proceeds can be used as additional source to partly finance New PUV units



Regulatory Reform



LPU Local Public Transport Route Planning



Route Rationalization



Fleet Specifications



Industry Consultation



Financing PUV Modernization



Vehicle Useful Life Program



Pilot Implementation



Stakeholder Support Mechanism



Communication



PUV MODERNIZATION PROGRAM COMPONENTS

VEHICLE USEFUL LIFE PROGRAM



INTER-AGENCY PROGRAM

Supporting policies on road worthiness



Blacklisting of the chassis and engine



To assist in accreditation process and monitoring of scrapping companies



All scrapping operations to be handled by the private sector.





- Driver's Academy to be implemented by LTFRB in cooperation with LTO and TESDA
 - Public transport drivers need to be certified with NC3
- TESDA training programs to be availed of:
 - Mechanics Training
 - Customer Service Officer
 - Fare Collection Staff (fare card selling and reloading)
 - Safety Inspector
- Other Programs to be linked:
 - DOLE's DILEEP
(Integrated Livelihood & Emergency Employment)
 - DSWD Sustainable Livelihood Program
 - DTI's Microfinance/SME Devt



PUV MODERNIZATION PROGRAM COMPONENTS

COMMUNICATION



BANKS



**INTERNATIONAL
AGENCIES / DONORS**



PASSENGERS



MANUFACTURERS



**GOVERNMENT
AGENCIES**



**OPERATORS AND
DRIVERS**



**LOCAL
GOVERNMENT
UNITS**



PARTNERS

PUV MODERNIZATION PROGRAM



LOCAL PARTNERS



INTERNATIONAL PARTNERS



BENEFITS OF THE PROGRAM



Congestion reduction esp. in highly urbanized areas:



**Traffic, disorganized,
competitive**

BEFORE



**transit oriented, order,
more mobility options; time savings;
vehicle operating cost savings**

AFTER

BENEFITS OF THE PROGRAM



**Improved public transport level of service,
passenger and commuter welfare**

**Unsafe, uncomfortable, unreliable,
difficult to access with most
commuters complaining.
air pollution and health hazards**

BEFORE


- 
- The right side of the image shows a modernized bus stop and a new bus. The bus stop has a glass shelter and a digital display. A modern, white bus with blue and green accents is stopped at the curb. Several passengers are boarding the bus. The background shows a clean, modern urban environment.
- Safe, efficient, comfortable
 - Environment-friendly,
Clean Air Act Compliant vehicles
 - Rationalized Routes
 - Intelligent Transport System

AFTER

BENEFITS OF THE PROGRAM




Improved welfare for the transport sector




Drivers subjected to health risks,
cash-strapped, untrained,
tied with the boundary system

BEFORE

- 
- Adequate training
 - Assured of regular income
 - Improved fleet management and safety
 - Access to credit facilities and financing
 - Shared operating and maintenance costs

AFTER

BENEFITS OF THE PROGRAM

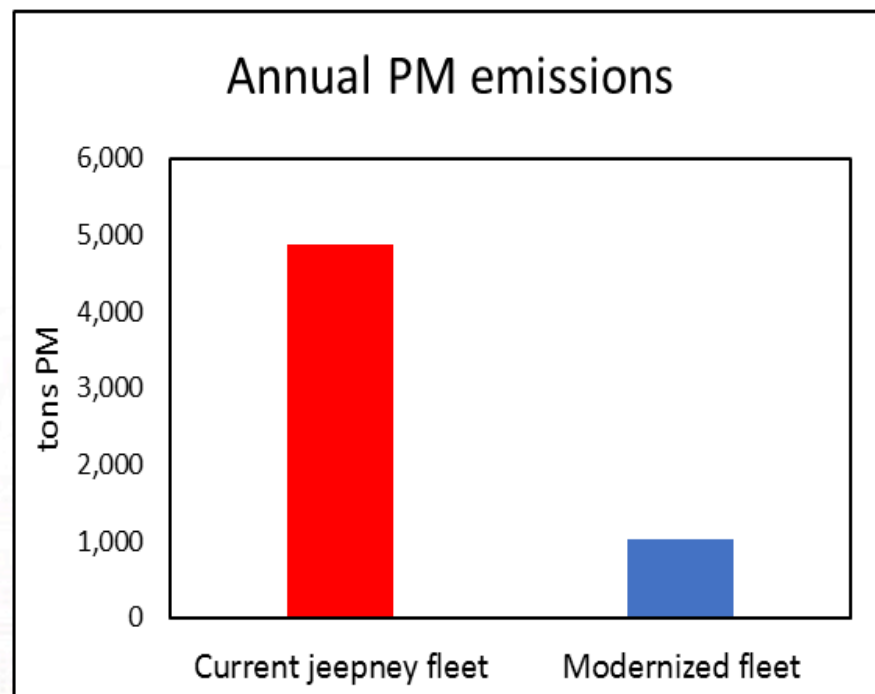
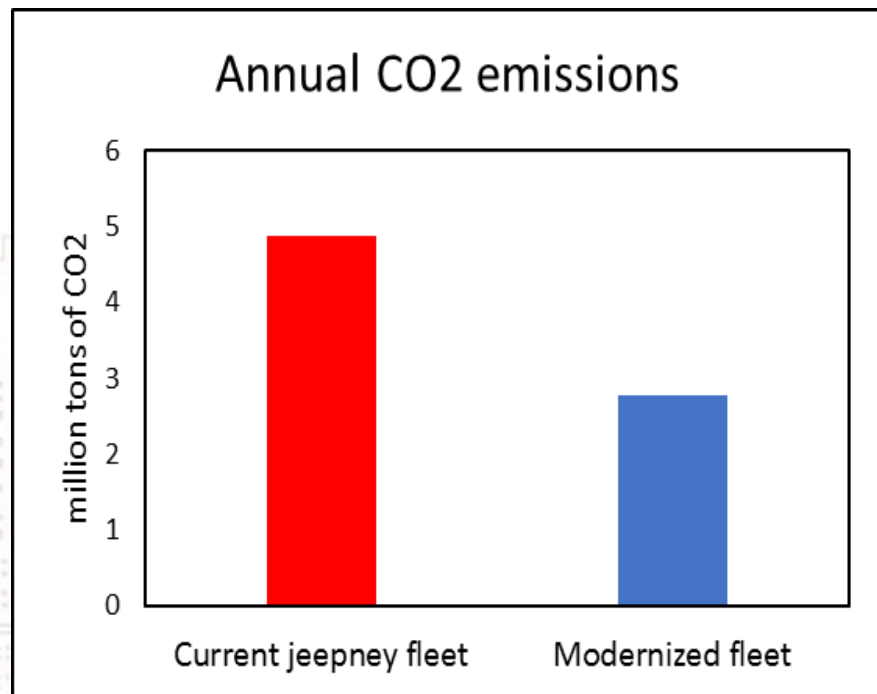
A worker in a yellow shirt, blue cap, and safety glasses is using a green power tool to work on a car part. The background shows a factory setting with other workers and machinery.

**The PUV Modernization Program
will engage the local manufacturing
industry by creating more jobs and
employment opportunities,
further boosting the industry and
contributing to the economy**

BENEFITS OF THE PROGRAM



The modernized fleet will produce significantly less carbon dioxide and particulate matter emissions thereby reducing both environmental and social costs (health)





**“THE LAW MANDATES IT
BECAUSE IT IS GOOD FOR THE
COUNTRY AND FOR THE PEOPLE”**

**- President Rodrigo Roa Duterte on
PUV Modernization**

#SupportPUVModernization

